

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2009 and 2008

AMY SCHENCK, FISCAL OFFICER



Mary Taylor, CPA

Auditor of State

Members of Council
Village of Farmersville
115 Walnut Street
Farmersville, Ohio 45325

We have reviewed the *Independent Auditor's Report* of the Village of Farmersville, Montgomery County, prepared by Julian & Grube, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Farmersville is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 10, 2010

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**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Village of Farmersville
115 Walnut Street
Farmersville, OH 45325

To the Members of Council and Mayor:

We have audited the accompanying financial statements of the Village of Farmersville, Montgomery County, Ohio, as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village of Farmersville's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 2B, the Village of Farmersville has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village of Farmersville's larger (i.e. major) funds separately. While the Village of Farmersville does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village of Farmersville has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported to its non-GAAP basis is in the second following paragraph.

Village of Farmersville
Independent Auditor's Report
Page Two

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Farmersville as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable, for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Farmersville, Montgomery County, Ohio as of December 31, 2009 and 2008, and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on accounting basis Note 2B describes.

The Village of Farmersville has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2010, on our consideration of the Village of Farmersville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
June 18, 2010

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2009 AND DECEMBER 31, 2008

<u>Cash and Cash Equivalents</u>	<u>2009</u>	<u>2008</u>
Cash and Cash Equivalents	\$ 380,503	\$ 325,990
Total Cash and Cash Equivalents	<u>\$ 380,503</u>	<u>\$ 325,990</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 152,875	\$ 156,158
Special Revenue Funds	<u>39,889</u>	<u>28,193</u>
Total Governmental Fund Types	<u>192,764</u>	<u>184,351</u>
 <u>Proprietary Fund Type:</u>		
Enterprise Funds	<u>187,739</u>	<u>141,639</u>
Total Proprietary Fund Type	<u>187,739</u>	<u>141,639</u>
Total Cash Fund Balances	<u>\$ 380,503</u>	<u>\$ 325,990</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 85,495	\$ 66,991	\$ -	\$ 152,486
Income tax	160,684	-	-	160,684
Intergovernmental	40,298	79,006	249,358	368,662
Special assessments	221	634	-	855
Charges for services	4,866	-	-	4,866
Fines, licenses, and permits	100	-	-	100
Interest	362	15	-	377
Miscellaneous	2,672	9,800	-	12,472
Total cash receipts	<u>294,698</u>	<u>156,446</u>	<u>249,358</u>	<u>700,502</u>
Cash disbursements:				
Current:				
Security of persons and property	38,672	77,258	-	115,930
Transportation	-	81,290	34,870	116,160
General government	133,790	668	-	134,458
Capital outlay	30,034	25,446	252,952	308,432
Debt service:				
Principal retirement	-	17,443	-	17,443
Interest	-	4,176	-	4,176
Total cash disbursements	<u>202,496</u>	<u>206,281</u>	<u>287,822</u>	<u>696,599</u>
Total cash receipts (under)/over cash disbursements	<u>92,202</u>	<u>(49,835)</u>	<u>(38,464)</u>	<u>3,903</u>
Other financing receipts/(disbursements):				
Proceeds from sale of notes	-	15,258	-	15,258
Operating transfers in	-	40,863	38,464	79,327
Operating transfers out	(73,652)	(16,423)	-	(90,075)
Advances in	135,000	21,833	35,000	191,833
Advances out	(156,833)	-	(35,000)	(191,833)
Total other financing receipts/(disbursements)	<u>(95,485)</u>	<u>61,531</u>	<u>38,464</u>	<u>4,510</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(3,283)	11,696	-	8,413
Cash fund balances, January 1, 2009	<u>156,158</u>	<u>28,193</u>	<u>-</u>	<u>184,351</u>
Cash fund balances, December 31, 2009	<u>\$ 152,875</u>	<u>\$ 39,889</u>	<u>\$ -</u>	<u>\$ 192,764</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2009

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 351,365
Other miscellaneous	2,245
Total operating cash receipts	353,610
Operating cash disbursements:	
Personal services	65,536
Employee fringe benefits	28,162
Contractual services	124,740
Supplies and material	47,988
Total operating cash disbursements	266,426
Operating income	87,184
Nonoperating cash receipts/(disbursements):	
Intergovernmental receipts	329,303
Miscellaneous receipts	4,660
Capital outlay	(344,561)
Proceeds of notes	15,258
Debt service:	
Principal	(43,265)
Interest	(13,782)
Total nonoperating cash receipts/(disbursements)	(51,832)
Income before operating transfers and advance	35,352
Transfers in	10,748
Advances in	100,000
Advances out	(100,000)
Net cash receipts (under) cash disbursements	46,100
Cash fund balances, January 1, 2009	141,639
Cash fund balances, December 31, 2009	\$ 187,739

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2009 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2009 Appropriations	Total	Actual 2009 Disbursements	Encumbrances Outstanding at 12/31/09	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 156,158	\$ 280,863	\$ 437,021	\$ 429,698	\$ 148,835	\$ -	\$ 290,790	\$ 290,790	\$ 432,981	\$ -	\$ 432,981	\$ (142,191)
Special Revenue	28,193	209,411	237,604	234,400	24,989	-	236,424	236,424	222,704	-	222,704	13,720
Capital Projects	-	341,180	341,180	322,822	(18,358)	-	341,180	341,180	322,822	-	322,822	18,358
Proprietary:												
Enterprise	141,639	706,551	848,190	813,579	107,028	-	721,809	721,809	768,034	-	768,034	(46,225)
Total												
(Memorandum Only)	\$ 325,990	\$ 1,538,005	\$ 1,863,995	\$ 1,800,499	\$ 262,494	\$ -	\$ 1,590,203	\$ 1,590,203	\$ 1,746,541	\$ -	\$ 1,746,541	\$ (156,338)

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash receipts:			
Local taxes	\$ 83,431	\$ 59,279	\$ 142,710
Income tax	175,528	-	175,528
Intergovernmental	47,610	66,102	113,712
Special assessments	-	21,690	21,690
Charges for services	4,620	-	4,620
Fines, licenses, and permits	359	-	359
Interest	5,053	602	5,655
Miscellaneous	1,658	2,275	3,933
Total cash receipts	<u>318,259</u>	<u>149,948</u>	<u>468,207</u>
Cash disbursements:			
Current:			
Security of persons and property	42,416	70,613	113,029
Transportation	-	101,243	101,243
General government	150,815	1,701	152,516
Debt service:			
Principal retirement	-	14,396	14,396
Interest	-	4,526	4,526
Total cash disbursements	<u>193,231</u>	<u>192,479</u>	<u>385,710</u>
Total cash receipts (under)/over cash disbursements	<u>125,028</u>	<u>(42,531)</u>	<u>82,497</u>
Other financing receipts/(disbursements):			
Advances in	38,000	38,000	76,000
Advances out	(38,000)	(38,000)	(76,000)
Total other financing receipts/(disbursements)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	125,028	(42,531)	82,497
Cash fund balances, January 1, 2008	<u>31,130</u>	<u>70,724</u>	<u>101,854</u>
Cash fund balances, December 31, 2008	<u>\$ 156,158</u>	<u>\$ 28,193</u>	<u>\$ 184,351</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 356,756
Other miscellaneous	12,117
Total operating cash receipts	368,873
Operating cash disbursements:	
Personal services	75,976
Employee fringe benefits	32,333
Contractual services	133,876
Supplies and material	63,045
Miscellaneous	138
Total operating cash disbursements	305,368
Operating income	63,505
Nonoperating cash receipts/(disbursements):	
Miscellaneous receipts	5,336
Capital outlay	(17,357)
Debt service:	
Principal	(50,724)
Interest	(15,084)
Total nonoperating cash receipts/(disbursements)	(77,829)
Net cash receipts (under) cash disbursements	(14,324)
Cash fund balances, January 1, 2008	155,963
Cash fund balances, December 31, 2008	\$ 141,639

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2008 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2008 Appropriations	Total	Actual 2008 Disbursements	Encumbrances Outstanding at 12/31/08	Total	Variance Favorable (Unfavorable)
	Governmental:											
General	\$ 31,130	\$ 217,590	\$ 248,720	\$ 356,259	\$ 138,669	\$ -	\$ 221,900	\$ 221,900	\$ 231,231	\$ -	\$ 231,231	\$ (9,331)
Special Revenue	70,724	148,725	219,449	187,948	39,223	-	192,981	192,981	230,479	-	230,479	(37,498)
Proprietary:												
Enterprise	155,963	363,404	519,367	374,209	10,805	-	423,942	423,942	388,533	-	388,533	35,409
Total												
(Memorandum Only)	<u>\$ 257,817</u>	<u>\$ 729,719</u>	<u>\$ 987,536</u>	<u>\$ 918,416</u>	<u>\$ 188,697</u>	<u>\$ -</u>	<u>\$ 838,823</u>	<u>\$ 838,823</u>	<u>\$ 850,243</u>	<u>\$ -</u>	<u>\$ 850,243</u>	<u>\$ (11,420)</u>

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Farmersville, Montgomery County, Ohio (the "Village") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: water and sewer utilities, refuse services, street maintenance and repair, park operations, emergency medical services, fire protection and police services, as well as other general government services. The Village contracts with the Jackson Township police department to provide security of persons and property. Also, the Village contracts with Farmersville Fire Association for fire protection and EMS Services.

The Village is a participant in the Farmersville/Jackson Township Joint Park Board. The Park Levy proceeds are received by the Township and expenditures are approved and processed by the Township.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village:

General Fund

The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Village had the following significant special revenue funds:

Street Construction, Maintenance & Repair Fund - This fund receives semi-annual tax settlements from the County Auditor and rollback and homestead reimbursements for reductions in property taxes. This fund is used to maintain and repair roads, road equipment and machinery.

Police Operating Levy - This fund receives semi-annual tax settlements from the County Auditor and rollback and homestead reimbursements for reductions in property taxes. This fund is used to pay Jackson Township for police protection services.

Capital Projects Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds). The Village had the following capital projects fund:

Other Capital Projects - (2009) This fund will receive an Ohio Public Works Commission loan to help finance the East Center Street Project.

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant enterprise funds:

Water Fund - This fund receives charges for services from residents to cover the costs of providing the citizens of the Village with water services.

Sewer Fund - This fund receives charges for services from residents to cover the costs of providing the citizens of the Village with sewer services.

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. The Village had several amendments to the original estimated certificate during the years ended December 31, 2009 and 2008.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village legally adopted supplemental appropriations during 2009 and 2008.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were no outstanding encumbrances at December 31, 2009 and 2008.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$377 and \$5,655 for the years ended December 31, 2009 and 2008, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

G. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances such as upon retirement. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Village.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

I. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers. Advances are temporary loans to other funds which will ultimately be repaid.

NOTE 3 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<u>2009</u>	<u>2008</u>
Deposits: Demand deposits	\$377,978	\$ 223,695
Investments: STAR Ohio	<u>2,525</u>	<u>102,295</u>
Total Cash and Cash Equivalents	<u>\$380,503</u>	<u>\$ 325,990</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not endorsed by securities that exist in physical or book-entry form. Investments in STAR Ohio are valued at amounts reported by the State Treasurer.

NOTE 4 - LOCAL INCOME TAX

This locally levied tax of 1% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located within the Village. Income tax receipts are credited to the Village's general fund and amounted to \$160,684 and \$175,528 for the years ended December 31, 2009 and 2008, respectively.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31, if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Public utilities are also taxed on personal and real property located within the Village.

In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out. This percentage was reduced to 12.5% for 2007, 6.25% for 2008, and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2009 and December 31, 2008, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2009</u>	<u>Balance at 12/31/2008</u>
2007 Ohio Water Department Authority (OWDA) note for sanitary sewer improvements due in semi-annual installments of \$4,249 through 2027 bearing interest of 4.12%.	\$ 105,237	\$ 109,023
2005 US Bank bonds for various purposes due in semi-annual installments of \$10,348 through 2010 bearing interest at 3.98%.	10,146	29,847
2000 US Bank bonds for various purposes due in annual installments of \$13,679 through 2019 bearing interest at 6.56%.	98,057	104,857
1998 OWDA note for water improvements due in semi-annual installments of \$10,202 through 2014 bearing interest at 5.66%.	71,206	86,702
1998 Ohio Public Works Commission (OPWC) note for water improvements, due in semi-annual installments of \$7,368 through 2018, bearing no interest.	132,637	140,005
1992 OPWC note for sewer improvements, due in semi-annual installments of \$3,175, due in 2013, bearing no interest.	22,225	25,400
2009 Promissory Note - Dump Truck for various purposes due in semi-annual installments of \$5,540 through 2012, bearing interest at 5.00%.	<u>25,733</u>	<u>-</u>
Total	<u>\$ 465,241</u>	<u>\$ 495,834</u>

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 6 - DEBT OBLIGATIONS - (Continued)

Transactions for the years ended December 31, 2009 and December 31, 2008 are summarized as follows:

<u>2009</u>	<u>Balance at 12/31/2008</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/2009</u>
Sewer Note - OWDA - 2007	\$ 109,023	\$ -	\$ (3,786)	\$ 105,237
Various Bonds - US Bank - 2005	29,847	-	(19,701)	10,146
Various Bonds - US Bank - 2000	104,857	-	(6,800)	98,057
Water Note - OWDA - 1998	86,702	-	(15,496)	71,206
Water Note - OPWC - 1998	140,005	-	(7,368)	132,637
Sewer Note - OPWC - 1992	25,400	-	(3,175)	22,225
2009 Promissory Note - Dump Truck	<u>-</u>	<u>30,516</u>	<u>(4,783)</u>	<u>25,733</u>
 Total	 <u>\$ 495,834</u>	 <u>\$ 30,516</u>	 <u>\$ (61,109)</u>	 <u>\$ 465,241</u>
 <u>2008</u>	 <u>Balance at 12/31/2007</u>	 <u>Proceeds</u>	 <u>Retirements</u>	 <u>Balance at 12/31/2008</u>
Sewer Note - OWDA - 2007	\$ 113,069	\$ -	\$ (4,046)	\$ 109,023
Various Bonds - US Bank - 2005	48,789	-	(18,942)	29,847
Various Bonds - US Bank - 2000	111,237	-	(6,380)	104,857
Water Note - OWDA - 1998	101,368	-	(14,666)	86,702
Water Note - OPWC - 1998	154,741	-	(14,736)	140,005
Sewer Note - OPWC - 1992	<u>31,750</u>	<u>-</u>	<u>(6,350)</u>	<u>25,400</u>
 Total	 <u>\$ 560,954</u>	 <u>\$ -</u>	 <u>\$ (65,120)</u>	 <u>\$ 495,834</u>

The dump truck promissory note and the various US Bank bonds are being paid out of the street construction, maintenance and repair fund, the water fund, and the sewer fund.

During 2009, the OWDA provided the Village with a principal cost adjustment in the amount of \$401.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 6 - DEBT OBLIGATIONS - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2009, are as follows:

Year Ending December 31,	2007		2000		1998			
	Note - OWDA		Bonds - US Bank		Note - OWDA			
	Principal	Interest	Principal	Interest	Principal	Interest		
2010	\$ 2,082	\$ 2,167	\$ 7,246	\$ 6,433	\$ 8,187	\$ 2,015		
2011	4,293	4,205	7,721	5,958	16,837	3,567		
2012	4,471	4,027	8,229	5,450	17,790	2,614		
2013	4,657	3,841	8,767	4,912	18,797	1,607		
2014	4,851	3,647	9,343	4,336	9,595	607		
2015 - 2019	27,459	15,031	56,751	11,644	-	-		
2020 - 2024	33,670	8,820	-	-	-	-		
2025 - 2027	23,754	1,740	-	-	-	-		
TOTALS	\$ 105,237	\$ 43,478	\$ 98,057	\$ 38,733	\$ 71,206	\$ 10,410		

Year Ending December 31,	1998	1992	2005		2009		Totals	
	Note - OPWC	Note - OPWC	Bonds - US Bank		Promissory Note		Principal	Interest
	Principal	Principal	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 14,736	\$ 6,350	\$10,146	\$ 202	\$ 9,916	\$ 1,164	\$ 58,663	\$ 11,981
2011	14,736	6,350	-	-	10,417	662	60,354	14,392
2012	14,736	6,350	-	-	5,400	270	56,976	12,361
2013	14,736	3,175	-	-	-	-	50,132	10,360
2014	14,736	-	-	-	-	-	38,525	8,590
2015 - 2019	58,957	-	-	-	-	-	143,167	26,675
2020 - 2024	-	-	-	-	-	-	33,670	8,820
2025 - 2027	-	-	-	-	-	-	23,754	1,740
TOTALS	\$ 132,637	\$ 22,225	\$10,146	\$ 202	\$ 25,733	\$ 2,096	\$465,241	\$ 94,919

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 7 - RETIREMENT SYSTEM

The Village’s salaried employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For the years ended December 31, 2009 and 2008, OPERS members contributed 10% of their gross salaries. The Village contributed an amount equal to 14% of participants’ gross salaries for 2009 and 2008, respectively. At December 31, 2009, all amounts for the years ended 2009 and 2008 have been paid.

NOTE 8 - RISK MANAGEMENT

The Village belongs to the Ohio Plan Risk Management (the "Plan"), a non-assessable, incorporated non-profit providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 720 Ohio governments (“Members”).

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member’s deductible.

The Plan issues its own policies and reinsures with A-VIII or better rated carriers, except for a 5% portion the Plan retains. With policies effective November 1, 2005 and after, the Plan pays the lesser of 5% or \$37,500 for casualty losses up to the coverage limit and the lesser of 5% or \$100,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary by Member.

The Pool’s financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and members’ equity at December 31, 2009:

	<u>2009</u>	<u>2008</u>
Assets	\$ 11,176,186	\$ 10,471,114
Liabilities	<u>(4,852,485)</u>	<u>(5,286,781)</u>
Members' Equity	<u>\$ 6,323,701</u>	<u>\$ 5,184,333</u>

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. There have been no significant reductions in coverage levels from prior year levels.

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 9 - INTERFUND TRANSACTIONS

The Village had the following interfund transactions for the year ended December 31, 2009:

<u>Fund Type/Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 73,652
<u>Special Revenue Funds</u>		
Street Construction, Maintenance and Repair	40,863	-
Other Special Revenue	-	16,423
<u>Capital Project Fund</u>		
Other Capital Projects	38,464	-
<u>Proprietary Funds</u>		
Water	2,756	-
Sewer	7,992	-
Total	<u>\$ 90,075</u>	<u>\$ 90,075</u>

The transfer from other special revenue to street construction maintenance and repair, water fund and sewer fund was to reimburse expenditures made related to the FEMA Grant.

<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
General Fund	\$ 135,000	\$ 156,833
<u>Special Revenue Fund</u>		
Street Lighting	21,833	-
<u>Capital Projects Fund</u>		
Other Capital Projects	35,000	35,000
<u>Enterprise Fund</u>		
Sewer Operating	100,000	100,000
Total	<u>\$ 291,833</u>	<u>\$ 291,833</u>

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 9 - INTERFUND TRANSACTIONS - (Continued)

The Village had the following interfund transactions for the year ended December 31, 2008:

<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
General Fund	\$ 38,000	\$ 38,000
<u>Special Revenue Fund</u>		
Street Lighting	<u>38,000</u>	<u>38,000</u>
Total	<u>\$ 76,000</u>	<u>\$ 76,000</u>

All transfers and advances are allowable in accordance with Sections 5705.14, 5705.15, 5705.16 of the Ohio Revised Code.

NOTE 10 - CONTINGENT LIABILITY

LITIGATION

The Village is not currently involved in litigation.



Julian & Grube, Inc.

Serving Ohio Local Governments

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Village of Farmersville
115 Walnut Street
Farmersville, OH 45325

To the Members of Council and Mayor:

We have audited the financial statements of the Village of Farmersville, Montgomery County, Ohio, as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 18, 2010, wherein we noted the Village of Farmersville prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Farmersville's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village of Farmersville's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village of Farmersville's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village of Farmersville's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section as was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Members of Council and Mayor
Village of Farmersville

Compliance and Other Matters

As part of reasonably assuring whether the Village of Farmersville's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Village of Farmersville's management in a separate letter dated June 18, 2010.

We intend this report solely for the information and use of the Council, management and others within the Village of Farmersville. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
June 18, 2010

**VILLAGE OF FARMERSVILLE
MONTGOMERY COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-VOF-001	Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.	Yes	N/A
2007-VOF-002	Ohio Revised Code Section 5705.40 in part requires that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation.	Yes	N/A
2007-VOF-003	<u>Significant Deficiency / Material Weaknesses:</u> Financial Statements - Material misstatements were identified in the financial statements for the year under audit that were not initially identified by internal controls.	Yes	N/A



Mary Taylor, CPA
Auditor of State

VILLAGE OF FARMERSVILLE

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 24, 2010**